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See president's report
about sales figures

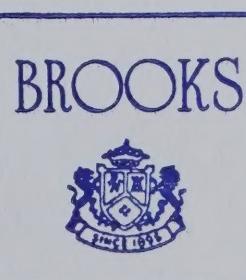
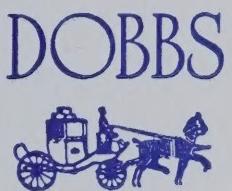
BILTMORE HATS LIMITED

GUELPH

CANADA

ANNUAL REPORT

1966



BILTMORE HATS LIMITED

GUELPH

CANADA

DIRECTORS

WILLIAM F. FRANKE	GUELPH, ONTARIO
NORMAN McMILLAN	GUELPH, ONTARIO
MARTIN L. WILLS	TORONTO, ONTARIO
MICHAEL D. McMILLAN	GUELPH, ONTARIO
LEONARD D. GRIFFITHS	TORONTO, ONTARIO

OFFICERS

WILLIAM F. FRANKE	CHAIRMAN OF THE BOARD
NORMAN McMILLAN	PRESIDENT
MICHAEL D. McMILLAN	EXEC. VICE PRESIDENT
MARTIN L. WILLS	VICE PRESIDENT
E. ROSS GLOVER	SECRETARY-TREASURER
JOSEPH G. WEIST	MANUFACTURING MANAGER

REGISTRAR AND TRANSFER AGENTS

CANADA PERMANENT TRUST COMPANY, TORONTO

HEAD OFFICE

139 MORRIS ST. GUELPH, CANADA

WESTERN FABRIC DIVISION

31 McDERMOTT AVENUE WINNIPEG, MANITOBA

SALES OFFICES

VANCOUVER CALGARY EDMONTON
SASKATOON WINNIPEG
TORONTO OTTAWA
MONTREAL QUEBEC CITY HALIFAX
ST. JOHN'S NFLD.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

JANUARY 14, 1967

Stetson - They U.S.
Bellmore 822-2770

The President's Report

TO OUR SHAREHOLDERS:

Your directors are pleased to present the Consolidated Balance Sheet and Statement of Profit and Loss and Surplus of your Company for the year ended October 31, 1966.

EARNINGS:

The consolidated net earnings for the fiscal year of 1966 are \$91,173 after taxes and all other charges, which is an increase of 3.4% over the net earnings in 1965 of \$88,143. Earnings on the combined Class "A" and Common shares are \$1.14 per share in 1966 compared to \$1.10 per share in 1965.

DIVIDENDS:

Dividends of \$1.00 per share were paid on Class "A" stock and \$.40 per share on Common stock of the Company during the year for a total of \$56,000. This is the 38th consecutive year a dividend has been paid.

FINANCIAL:

Working capital increased during the year by \$17,485. Your Company has changed its policy of discounting customers' paper, resulting in a different method of reporting receivables on the balance sheet.

MARKETING:

The Consolidated Net Sales of men's headwear for 1966 set a new record. Consumer acceptance of many new headwear products and progressive merchandising were the major factors in this increase.

Our advertising campaign emphasized Casual headwear to complement today's trend to Leisure Living. Retailer and consumer reaction to the programme was most gratifying and established a new high standard.

The Body Division was the only area in which sales decreased.

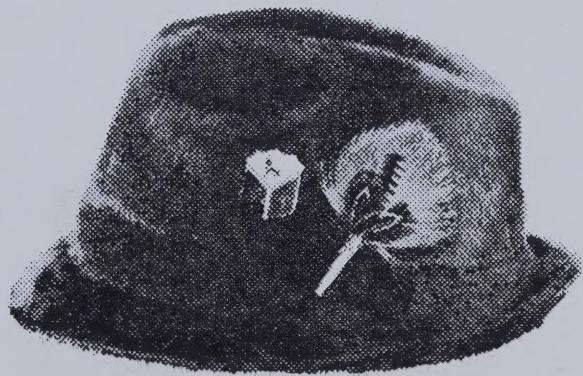
GENERAL:

As BILTMORE HATS LIMITED is the only publicly owned manufacturer of men's headwear listed on any Canadian Stock Exchange, the government has approved the omission from our statement of sales figures.

We extend our thanks for the full support and co-operation of our co-workers and employees as well as the thousands of retailers from coast to coast, all of whom contributed to our successful operation.

*On behalf of the Board of Directors,
Norman McMillan, President*

For the curling clan. Here's a new hat to sweep around the house in.



The Biltmore JASPER

Supreme triumph of the master hatter's art. Thick, long, high-lustre nap. Badger brush, sport feather, unique Tyrolean ornament. In expressive colors of Golden Gate, Black, Bronze, Green and White. See it. Feel it. Try it on. There's no other hat like it in all the world.



BILTMORE HATS
LIMITED
AND ITS SUBSIDIARY
GUELPH - ONTARIO

CONSOLIDATED BALANCE

(WITH COMPARATIVE FIGURES)

A S S E T S

	<u>1966</u>	<u>1965</u>
Current		
Cash.....	4,031	4,048
Accounts receivable, less allowance for doubtful accounts.....	1,408,354	1,388,503
Inventory of merchandise and supplies on hand at the lower of cost and market.....	690,183	675,592
Life insurance, at cash surrender value.....	19,378	14,027
Prepaid Expenses.....	27,334	8,518
Total Current Assets.....	2,149,280	2,090,688
Special Refundable Tax.....	1,998	
Fixed		
Land, building, machinery, equipment and automobiles—cost.....	1,167,573	1,159,662
Less		
Accumulated depreciation.....	867,489	837,768
	300,084	321,894
Other—at cost.....	15,000	15,000
	2,466,362	2,427,582

AUDITORS REPORT

We have examined the above consolidated balance sheet of Biltmore Hats Limited and its wholly owned subsidiary as at October 31, 1966 and the consolidated statements of trading and profit and loss and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the above consolidated balance sheet and consolidated statements of trading and profit and loss and earned surplus present fairly the financial position of the companies as at October 31, 1966 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Guelph, Ontario.
December 2, 1966.

WINSPEAR, HIGGINS, STEVENSON and DOANE,
Chartered Accountants.

SHEET, OCTOBER 31, 1966

(TIVE FIGURES)

L I A B I L I T I E S

Current	1966	1965
Bankers' advances.....	829,978	853,407
Accounts payable and accrued charges.....	291,735	261,151
Note Payable.....	37,500	
Income and other taxes.....	91,974	95,522
	<hr/>	<hr/>
Total Current Liabilities.....	1,251,187	1,210,080
Note Payable—6% due 1967.....	25,000	62,500

Capital

—CAPITAL STOCK

Authorized

50,000 cumulative preferred \$1.00 dividend non-redeemable
participating class "A" shares without par value

50,000 common shares without par value

Issued and outstanding

40,000 class "A" shares and 40,000 common shares	85,475	85,475
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Consolidated Earned Surplus.....	1,104,700	1,069,527
	<hr/>	<hr/>
	1,190,175	1,155,002
	<hr/>	<hr/>
	2,466,362	2,427,582
	<hr/>	<hr/>
Letters of Credit outstanding.....	5,108	2,033

Approved on behalf of the Board

N. McMILLAN, Director

M. McMillan, Director.



BILTMORE HATS
LIMITED
AND ITS SUBSIDIARY
GUELPH - ONTARIO

STATEMENT OF CONSOLIDATED PROFIT AND LOSS

FOR THE YEAR ENDED OCTOBER 31, 1966

(WITH COMPARATIVE FIGURES)

	<u>1966</u>	<u>1965</u>
Consolidated profit for the year before the following deductions.....	291,637	276,696
Directors' fees.....	1,300	800
Remuneration of Executive Officers.....	69,000	65,150
Depreciation.....	32,306	36,551
Pension plan premiums.....	25,858	18,052
	128,464	120,553
Profit before taxes on income.....	163,173	156,143
Federal and Provincial Income Taxes.....	72,000	68,000
Consolidated Profit for the year.....	91,173	88,143

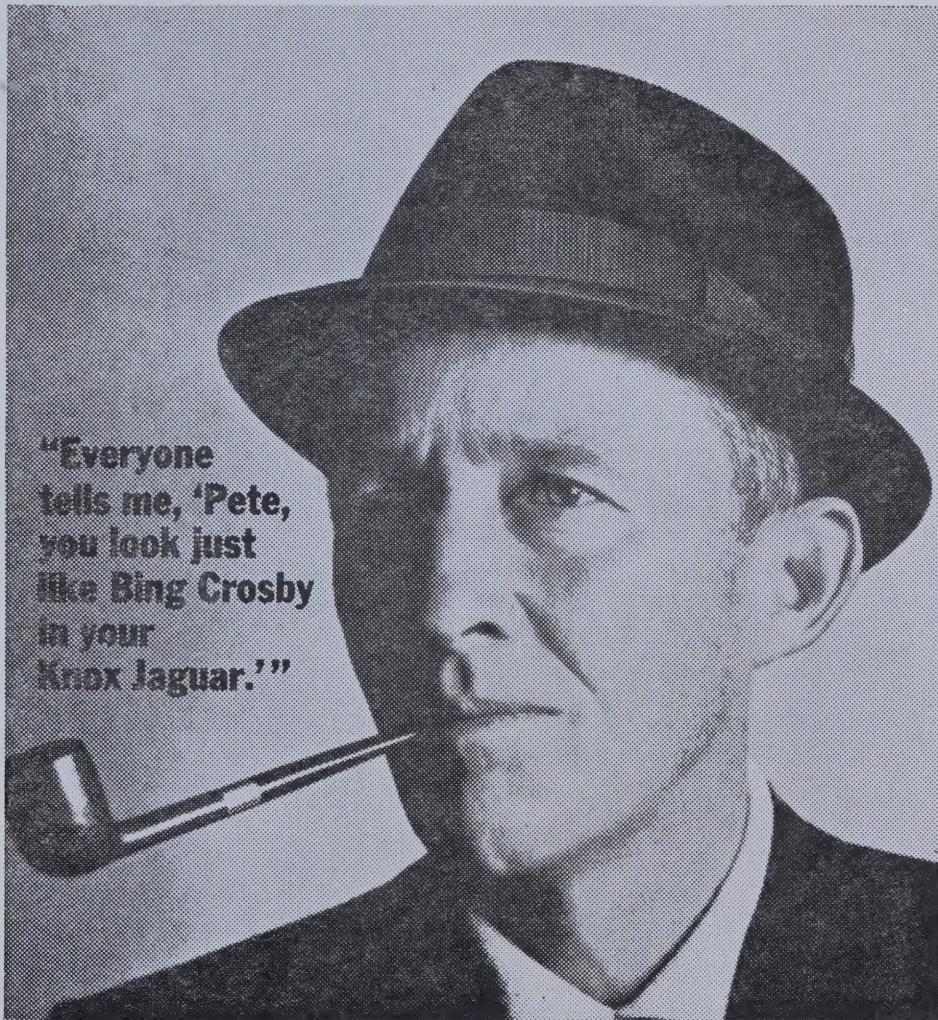
CONSOLIDATED STATEMENT OF EARNED SURPLUS

FOR THE YEAR ENDED OCTOBER 31, 1966

(WITH COMPARATIVE FIGURES)

	<u>1966</u>	<u>1965</u>
Balance November 1, 1965.....	1,069,527	1,037,384
Add: Consolidated net profit for the year.....	91,173	88,143
	1,160,700	1,125,527
Less: Dividends paid		
Class "A".....	40,000	40,000
Common.....	16,000	16,000
Balance, October 31, 1966.....	1,104,700	1,069,527

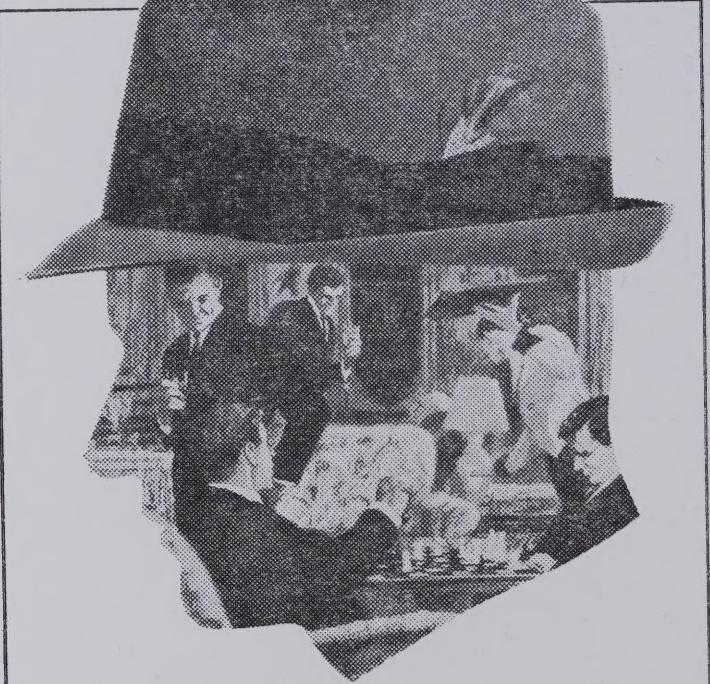
See BING CROSBY in Martin Rackin's production of "STAGECOACH," released by 20th Century Fox.



"Can't say that I blame them for being impressed. That intriguing Black Moss Shade does things for a man. And you can shape the soft, pliable felt to suit your personality. Any man would look better in a Knox Jaguar. Try one on and see."

A Knox does interesting things for a man
KNOX JAGUAR

DOBBS

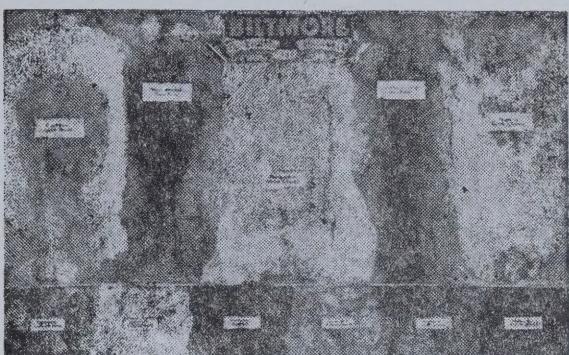


Dobbs Club Room

Your profile reads "urbane sophistication" in the Dobbs Club Room.
The uniquely tapered crown and dashing sweep of the raw edge brim make it a popular fashion favorite for young men on the move.

BILTMORE HAT STORY

Biltmore . . . "The Master Hat of Canada" . . . sets the pace in men's hats by maintaining a high standard in style and quality. This is achieved by strict control and continuous research.



RABBIT SKINS

RABBIT SKINS

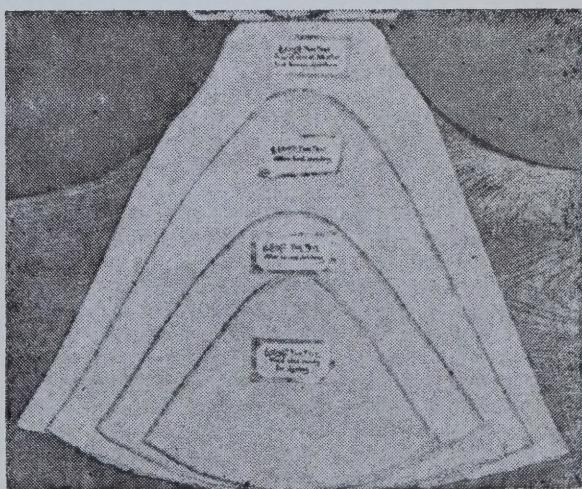
Biltmore hats are made from the finest of Beaver, Hare and Rabbit furs available. The countries of origin are Australia, Canada, Europe and South America.



FORMING MACHINE

FORMING MACHINE

This is the first and a very important step in the process of forming the actual hat body. Fur is drawn to a perforated metal cone by suction. The operator here is removing a felt form from the cone. Bodies are formed according to head size.



VARIOUS SHRINKING STAGES

VARIOUS SHRINKING STAGES

Biltmore fur felt forms are shrunk from approximately 28" x 30" to 10" x 15" in four stages of shrinking. This is done by hot water and pressure. After the fourth shrinking operation the body is dyed.

THERE ARE OVER 100 INDIVIDUAL OPERATIONS COMPRISING THE MANUFACTURE OF ONE FUR FELT HAT. WE ARE JUSTLY PROUD OF THE TOP QUALITY AND CRAFTSMANSHIP BUILT INTO EVERY BILTMORE HAT.

